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South Jordan UT 84095
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0002

Inc. 9/2
C/007/0045

HEADWATERS



INCORPORATED

To: Pam Fax: 801.359.3940

From: Mike Edwards (801) 842-4833 cell Date: 4/2/07

Re: Wellington Bond Pages: 6

CC:

☐ Urgent ☐ For Review ☐ Please Comment ☐ Please Reply

medwards@headwaters.com

C/00

FORM MR-SUR

May 24, 2006

Bond Number EO 72 23 93 6Surety NAIC No. 524210

Permit Number _____

Mine Name _____

ATTACHMENT A
To
RECLAMATION CONTRACT
BETWEEN PRINCIPAL AND DIVISION

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas and Mining
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
Telephone: (801) 538-5291
Fax: (801) 359-3940

THE UTAH MINED LAND RECLAMATION ACT

SURETY BOND

The undersigned COVOL ENGINEERED FUELS LC, as Principal,
a LIMITED CORPORATION organized under the laws of the State of UTAH and
WESTCHESTER FIRE INSURANCE COMPANY, as Surety, a CORPORATION
organized under the laws of the State of NEW YORK, hereby jointly and severally bind ourselves,
our heirs, administrators, executors, successors, and assigns, jointly and severally, unto the State of
Utah, Division of Oil, Gas and Mining ("Division") and
(other agency, if any) in the penal sum of ONE HUNDRED SIXTY-FIVE THOUSAND AND NO/100
dollars (\$ 165,000.00).

This Surety Bond is provided to secure the obligations of the Principal, as set forth by the terms
and conditions of the Reclamation Contract, and any addendums thereto, to reclaim lands that will be
affected by mining operations as identified in the Notice of Intention received, or approved if
applicable, by the Division on the _____ day of _____, 20 ____.

The lands that are covered by this Surety Bond are the Lands Affected by mining
operations as defined and described in the above Notice, and the Mining and
Reclamation Plan if required, subject to terms and conditions of the Reclamation
Contract.

The condition of this obligation is that if the Division determines that Principal has
satisfactorily reclaimed the disturbed lands in accordance with the Mining and Reclamation Plan or
Notice and has faithfully performed all requirements of the Mined Land Reclamation Act, and

RECEIVED

APR 02 2007

DIV. OF OIL, GAS & MINING

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Attachment A
(revised May 24, 2006)

Bond Number KO 72 23 93 6
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complied with the Rules and Regulations adopted in accordance therewith, then this obligation shall be void; otherwise it shall remain in full force and effect. Failure of the Principal to fulfill the obligations specified by the Mined Land Reclamation Act and the Rules adopted there under, and in accordance with the specification of the Principal's Mining and Reclamation Plan or Notice, may result in forfeiture of this bond in accordance with the applicable statutes and regulations.

If the Mining and Reclamation Plan or Notice provides for periodic partial reclamation of the lands affected, and if the lands are reclaimed in accordance with such Plan or Notice, Act and regulations, then Principal may apply for a reduction in the amount of this Surety Bond. In the converse, if the Mining and Reclamation Plan or Notice provides for a gradual increase in the lands affected or the extent of disturbance, then, the Division may require that the amount of this Surety Bond be increased, with the written approval of the Surety. The amount of reclamation surety may also be adjusted as a result of a periodic review by the Division, which shall take into account inflation/deflation based upon an acceptable Costs Index, or at the request of the operator.

This bond may be canceled by Surety after ninety (90) days following receipt by the Division and Principal of written notice of such cancellation. Written notice to the Division and Principal as required by this paragraph shall be provided by certified mail or by a courier service that provides proof of delivery by signature of the recipient. Surety's liability shall then, at the expiration of said ninety (90) days, cease and terminate except that Surety will remain fully liable for all reclamation obligations of the Principal incurred prior to the date of termination.

Principal and Surety and their successors and assigns agree to guarantee said obligation and to indemnify, defend, and hold harmless the Division from any and all expenses (including attorney fees) which the Division may sustain in the collection of sums due hereunder.

Surety will give prompt notice to Principal and to the Division of the filing of any petition or the commencement of any proceeding relating to the bankruptcy, insolvency, reorganization, or adjustment of the debts of Surety, or alleging any violation or regulatory requirements which could result in suspension or revocation of the Surety's license to do business.

Surety is licensed to do business in Utah and is rated by A. M. Best as A- or better or rated as having Financial Performance Rating (FPR) of B or better, and is listed in the U. S. Department of Treasury's Circular "570." Upon incapacity of the Surety by reason of bankruptcy, insolvency, or suspension or revocation of its license, or upon failure to maintain the A. M. Best or FPR rating and listing on Circular "570", Principal shall be without adequate bond coverage as required by the Division and shall have 120 days after notice to replace the bond with other bonds acceptable to the Division. If the Principal does not replace this surety bond as required, the Division may order cessation of mining operations and commence actions to enforce its rights against the Surety. The Surety's liability shall continue and the Surety will remain fully liable for all reclamation obligations of the Principal incurred until this surety bond is forfeited, or the conditions of this obligation have been satisfied.

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Band Number K0 72 23 93 6
Surety NAIC No. 524210
Permit Number _____
Mina Name _____

IN WITNESS WHEREOF, the Principal and Surety herunto set their signatures and seals as of the dates set forth below.

COVOL ENGINEERED FUELS LC
Principal (Permittee)

By (Name and Title typed):

Signature

Date

Surety Company

WESTCHESTER FIRE INSURANCE COMPANY
Surety Company Name

1420 FIFTH AVE., STE. 2200
Street Address

TINA DAVIS
Surety Company Officer

SEATTLE, WA 98101
City, State, Zip

ATTORNEY-IN-FACT
Title/Position

801-533-3624
Phone Number


Signature

MARCH 26, 2007
Date

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Bond Number K0 72 23 93 6
Surety NAIC No. 524210
Permit Number _____
Mine Name _____

SO AGREED this _____ day of _____, 20 _____.

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:

John R. Baza, Director
Utah State Division of Oil, Gas and Mining

*NOTE: Where one signs by virtue of Power of Attorney for a Surety, such Power of Attorney must be filed with this bond. If the Operator is a corporation, the bond shall be executed by its duly authorized officer.

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AFFIDAVIT OF QUALIFICATION

On the 26TH day of MARCH, 20 07, TINA DAVIS
personally appeared before me, who being by me duly sworn did say that he/she, the said
TINA DAVIS is the ATTORNEY-IN-FACT of
WESTCHESTER FIRE INSURANCE and duly acknowledged that said instrument was signed on behalf
of said company by authority of its bylaws or a resolution of its board of directors and said
TINA DAVIS duly acknowledged to me that said company executed the same, and that
he/she is duly authorized to execute and deliver the foregoing obligations; that said Surety is authorized
to execute the same and has complied in all respects with the laws of Utah in reference to becoming
sole surety upon bonds, undertaking and obligations.

Signed: [Signature]
Surety Officer

Title: TINA DAVIS, ATTORNEY-IN-FACT

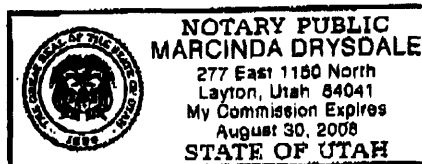
STATE OF UTAH)
) ss:
COUNTY OF SALT LAKE)

Subscribed and sworn to before me this 26TH day of MARCH, 20 07.

Marcinda Drysdale
Notary Public
Residing at: LAYTON, UT

My Commission Expires:

AUGUST 30, 20 08.



Power of Attorney

143767

WESTCHESTER FIRE INSURANCE COMPANY

1416335

Know all men by these presents: That **WESTCHESTER FIRE INSURANCE COMPANY**, a corporation of the State of New York, having its principal office in the City of Atlanta, Georgia, pursuant to the following Resolution, adopted by the Board of Directors of the said Company on November 3, 1999, to wit:

- RESOLVED**, that the following Rules shall govern the execution for the Company of bonds, undertakings, recognizances, contracts and other writings in the name thereof:
- (1) That the President, any Senior Vice President, any Vice President, and Assistant Vice President, or any Attorney-in-Fact, may execute for and on behalf of the Company any and all bonds, undertakings, recognizances, contracts and other writings in the name thereof, the same to be signed when necessary by the Corporate Secretary, or any Assistant Corporate Secretary, and the seal of the Company, affixed thereto and that the President, any Senior Vice President, any Vice President, and Assistant Vice President may appoint and authorize any other Officer (whether or appointing officer of the Company, as Attorney-in-Fact to so execute or sign to the execution of all such writings on behalf of the Company and to affix the seal of the Company thereto.
 - (2) Any such writing executed in accordance with these Rules shall be as binding upon the Company in any case as though signed by the President and attested to by the Corporate Secretary.
 - (3) The signature of the President or a Senior Vice President, or a Vice President, or an Assistant Vice President and the seal of the Company may be affixed by a person or persons authorized by the Board of Directors to this effect, and the signature of any such officer and the seal of the Company may be affixed by a person or persons authorized by the Board of Directors to this effect, and the signature of any such officer and the seal of the Company may be affixed by a person or persons authorized by the Board of Directors to this effect, and the signature of any such officer and the seal of the Company may be affixed by a person or persons authorized by the Board of Directors to this effect.
 - (4) Such other Officers of the Company and Attorneys-in-Fact shall have authority to certify or verify copies of this Resolution, the By-Laws of the Company and any affidavit or record of the Company necessary in the discharge of their duties.
 - (5) The passage of this Resolution does not revoke any earlier authority granted by Resolution of the Board of Directors.

Does hereby nominate, constitute and appoint **TINA DAVIS, MARCINDA DRYSDALE and DERIK STEVENSON** all of the City of Salt Lake City, State of Utah, each individually if there be more than one named, its true and lawful attorney-in-fact, to make, execute, seal and deliver on its behalf, and as its act and deed any and all bonds, undertakings, recognizances, contracts and other writings in the name thereof in penalties not exceeding Fifteen Million Dollars (\$15,000,000) and the execution of such writings in pursuance of these presents shall be as binding upon said Company, as fully and as much as if they had been duly executed and acknowledged by the regularly elected officers of the Company at its principal office.

IN WITNESS WHEREOF, the said Stephen M. Haney, Vice President, has hereunto subscribed his name and affixed the corporate seal of the said **WESTCHESTER FIRE INSURANCE COMPANY** this 18th day of August 2005.



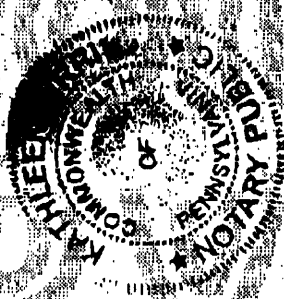
WESTCHESTER FIRE INSURANCE COMPANY

Stephen M. Haney
Stephen M. Haney, Vice President

COMMONWEALTH OF PENNSYLVANIA
COUNTY OF PHILADELPHIA

On this 18th day of August, A.D. 2005, before me, a Notary Public of the Commonwealth of Pennsylvania in and for the County of Philadelphia, came Stephen M. Haney, Vice President of the **WESTCHESTER FIRE INSURANCE COMPANY** to me personally known to be the individual and officer who executed the preceding instrument, and he acknowledged that he executed the same, and that the seal affixed to the preceding instrument is the corporate seal of said Company; that the said corporate seal and his signature were duly affixed by the authority and direction of the said corporation, and that Resolution, adopted by the Board of Directors of said Company, referred to in the preceding instrument, is now in force.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Philadelphia the day and year first above written.



NOTARIAL SEAL
Kathleen Terri, Notary Public
Philadelphia, Philadelphia County
My commission expires September 22, 2007

Kathleen Terri
Notary Public

I, the undersigned Secretary of **WESTCHESTER FIRE INSURANCE COMPANY**, do hereby certify that the original **POWER OF ATTORNEY**, of which the foregoing is a substantially true and correct copy, is in full force and effect.

In Witness Whereof, I have hereunto subscribed my name as Secretary, and affixed the corporate seal of the Corporation, this 26TH day of MARCH, 2007.



George D. Mulligan
George D. Mulligan, Secretary

THIS POWER OF ATTORNEY MAY NOT BE USED TO EXECUTE ANY BOND WITH AN INCEPTION DATE AFTER August 18, 2007.